

Fiscal Services Division Legislative Services Agency Fiscal Note

HF 2302 - Gambling (LSB 6473 H8147.1)

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Fiscal Note Version —House Amendment 8147

Description

House Amendment 8147 to House File 2302 changes the gaming tax rates, allows for table games at all racetrack casinos, allows for conversion of a riverboat to a barge, provides for prepayment of taxes upon the issuance of a table gaming license at a racetrack casino, and provides for a cash payment from the racetracks for settlement of the Court Case.

Assumptions

1. Establishes a graduated tax on racetrack casinos of 22.0% on those below \$100.0 million in adjusted gross revenues (AGR) and 24.0% on those above \$100.0 million in adjusted gross revenues and all three racetrack casinos will add table games. All gambling boats will pay a tax rate of 22.0%.
2. Without the proposed change in tax rate, the amount of State gaming tax receipts is estimated to be \$180.9 million.
3. A one-time payment of a gambling games tax, retroactive to July 1, 2002, of 22.0% of adjusted gross revenues from racetracks with an AGR of less than \$100.0 million and 24.0% for racetracks with an AGR over \$100.0 million. This section takes effect upon enactment.
4. Upon issuance of a table gaming license, racetracks with an AGR below \$100.0 million will pay a \$3.0 million license fee for adding table games and a track with an AGR above \$100.0 million will pay a license fee of \$10.0 million. This application fee may be used as a tax credit on future taxes owed to the State up to 20.0% per year over a five-year period.
5. The new tax rate retains the current tax rate of 5.0% on the first \$1.0 million and 10.0% on the next \$2.0 million of AGR.

Fiscal Impact

Amendment H-8147 will provide an estimated \$218.7 million in State gaming tax receipts annually and generate \$23.7 million in one-time receipts in FY 2004 from the racetracks from the retroactive tax due to the settlement of the court case.

All tracks will pay the licensing fee and take the full tax credit each year for five years. This will amount to a reduction in the estimated annual receipts of \$4.6 million, for a net of \$214.1 million.

Sources

Racing and Gaming Commission
Legislative Services Agency

Dennis C Prouty

February 26, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Estimated State Gaming Tax Receipts

	October 10, 2003 REC Estimate for FY 2004	Assume Tax Rate of 20.0% Post Court	Rate of 32.0% Pre-Court	H - 8147 Tax Structure	H - 8147 Tax Rate
Racetracks					
Bluffs Run - Slots	\$ 123,200,000	\$ 22,688,400	\$ 37,112,400	\$ 27,496,400	24.00%
Bluffs Run - Table Games	15,000,000			2,724,000	24.00%
Dubuque Greyhound Park - Slots	41,500,000	7,410,500	12,030,500	8,180,500	22.00%
Dubuque - Table Games	5,000,000			1,035,000	22.00%
Prairie Meadows - Slot	153,510,000	28,356,370	46,417,570	34,376,770	24.00%
Prairie Meadows - Table Games	45,000,000	0		9,534,000	24.00%
Total Tracks	<u>\$ 383,210,000</u>	<u>\$ 58,455,270</u>	<u>\$ 95,560,470</u>	<u>\$ 83,346,670</u>	
	October 10, 2003 REC Estimate for FY 2004	Assume Tax Rate of 20.0% Post Court	Assume Tax Rate of 20.0% Pre-Court	H - 8147 Tax Structure	H - 8147 Tax Rate
Excursion Gambling Boats					
Rhythm City (Davenport)	\$ 67,980,000	\$ 12,362,260	\$ 12,362,260	\$ 13,661,860	22.00%
Mississippi Belle (Clinton)	27,742,000	4,837,754	4,837,754	5,332,594	22.00%
Diamond Jo Casino (Dubuque)	51,294,000	9,241,978	9,241,978	10,207,858	22.00%
Catfish Bend (Burlington/Ft. Madison)	28,560,000	4,990,720	4,990,720	5,501,920	22.00%
Belle of Sioux City (Sioux City)	41,616,000	7,432,192	7,432,192	8,204,512	22.00%
Isle of Capri Marquette (Marquette)	40,290,000	7,184,230	7,184,230	7,930,030	22.00%
Isle of Capri Bettendorf (Bettendorf)	101,000,000	18,537,000	18,537,000	20,497,000	22.00%
Harrahs (Council Bluffs)	107,670,000	19,784,290	19,784,290	21,877,690	22.00%
Ameristar Casino (Council Bluffs)	150,450,000	27,784,150	27,784,150	30,733,150	22.00%
Lakeside (Osceola)	57,165,000	10,339,855	10,339,855	11,423,155	22.00%
Total Boats	<u>\$ 673,767,000</u>	<u>\$ 122,494,429</u>	<u>\$ 122,494,429</u>	<u>\$ 135,369,769</u>	
Total Racetracks and Boats		<u>\$ 180,949,699</u>	<u>\$ 218,054,899</u>	<u>\$ 218,716,439</u>	

Retro-active Additional Tax on Racetrack Casino Due to Settlement of Court Case

	Actual Adjusted Gross Revenue FY 2003	Retro-active Additional Tax of 4.0%/2.0%/4.0% Additional	October 10, 2003 REC Estimate for FY 2004	Retro-active Additional Tax of 4.0%/2.0%/4.0% % Additional	Rate for Each Track
Racetracks					
Bluffs Run	\$ 123,141,064	\$ 4,925,643	\$ 123,200,000	\$ 4,928,000	4.00%
Dubuque	41,335,064	826,701	41,500,000	830,000	2.00%
Prairie Meadows	150,421,234	6,016,849	153,510,000	6,140,400	4.00%
	<u>\$ 314,897,362</u>	<u>\$ 11,769,193</u>	<u>\$ 318,210,000</u>	<u>\$ 11,898,400</u>	
Total Escrow Payments	\$ 23,667,593				